



Environmental Services Division
Energy and Waste Management Bureau

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WINTER'S END IN SIGHT, HEATING PRICES MODERATE

DES MOINES — With one month left in the traditional winter heating season, heating fuel prices have begun to moderate. “Barring any unforeseen events,” said Jennifer Moehlmann, energy data analyst for the Iowa Department of Natural Resources, “we may end this season without the extreme natural gas price spikes witnessed three out of the past four years.”

On Feb. 14, natural gas was trading at \$6.03/MMBtu, \$0.11 lower than last month and 12 percent above the price of natural gas at this time last year (\$5.40/MMBtu). Natural gas bills are still expected to average up to 20 percent higher this winter, but have moderated due to comfortable supply. Approximately 67 percent of Iowans heat their homes with natural gas.

According to the DNR's Feb. 14 fuel price survey, the average retail price of propane was \$1.24 per gallon, the same as the previous month and 14 percent above the retail price of propane at this time last year (\$1.09 per gallon). Propane prices are forecast to average 20 percent higher this winter than last. Roughly 15 percent of Iowans use propane for heating their homes.

The survey reported the average retail price of No. 2 heating oil was \$1.60 per gallon, \$0.04 higher than last month and 33 percent above the price of heating oil at this time last year (\$1.20 per gallon). Heating oil prices are expected to rise the most of all heating fuels, averaging 34 percent higher than last winter. Heating oil is used to heat about 2 percent of Iowa homes.

With fuel price volatility here to stay, investing in energy efficiency measures for your home is a smart choice.

Consumers can decrease their heating bills by following a few easy steps provided by the U.S. Department of Energy:

- 1) Check for leaks. On a windy day, hold a lit candle near windows, doors, plumbing, ducting and wiring. If the smoke starts blowing sideways, you've got a leak. Cut off the air-flow by taping clear plastic sheeting to the insides of windows, weather stripping doors, and caulking around plumbing, ducting, and wiring leaks. Many power companies provide free home heat-loss inspections to try to identify problem areas.
- 2) Insulate, insulate, insulate. Put an insulating blanket around your hot-water heater and pipes. They'll lose heat slower and require less input from the furnace. Check the attic to see if your insulation is up to standards.
- 3) Regulate the temperature. Install a programmable thermostat so you can keep the house cool when nobody's home. You can set these devices so they start to heat things up again an hour or so before you're due back. Lower the setting when you go to bed.
- 4) Check for cold ducts. Look for sections of your heating ducts that have separated or have holes in them. Insulating ducts can make a big dent on energy bills.

Consumers are encouraged to implement energy efficient measures early on to result in long term savings. Widespread adoption also leads to less demand, which in turn lowers fuel prices. More tips are available at

www.EnergySavingTips.gov.

Crude oil prices have been seesawing between \$45 and \$49 per barrel, moving on international news and continuing growth in global oil demand. Crude finished trading on Feb. 15 at \$48.34 per barrel, \$0.05 less than last month. One year ago, crude was \$35.45 per barrel.

Gasoline prices across Iowa have risen sharply. On February 15, the average price for a gallon of self-serve, regular unleaded gasoline was \$1.84. This was \$0.10 higher than last month and \$0.27 higher than this time last year.

The average price for regular unleaded gasoline blended with ethanol was \$1.84 per gallon. The latest data shows that ethanol-blended gasoline represented 70 percent of retail gasoline sold in the state in December – yet another new monthly sales record. Overall for 2004, ethanol-blended gasoline rose to a 66 percent market share, up from 62 percent in 2003. Ethanol also set a new sales volume record in 2004, with more than one billion gallons of ethanol-blended gasoline sold – translating to more than 107 million gallons of straight ethanol used. All auto manufacturers warrant the E-10 blend of 10 percent alcohol and 90 percent gasoline for use. Many manufacturers, including General Motors and Daimler-Chrysler, recommend the use of oxygenated fuels, such as ethanol, in their vehicles.

The average price of self-serve diesel fuel on Feb. 15 was \$1.99, up \$0.06 from last month. Diesel fuel was \$1.58 per gallon one year ago.

To help consumers improve fuel efficiency, the Iowa DNR has placed tips and information on fuel savings and alternative fuels on its Web site at www.iowadnr.com. Tips include driving more efficiently, keeping vehicles tuned up and planning and combining trips. Consumers can also choose ethanol at the pump, purchase E85 for flexible fuel vehicles and choose biodiesel blends for diesel vehicles.

HEATING FUELS SURVEY

	January 18	February 14	Change
Natural Gas	6.14	6.03	-0.11
Propane	1.24	1.24	No change
#2 Heating Oil	1.56	1.60	+0.04

Sources: Wall Street Journal, Iowa Department of Natural Resources

MOTOR FUELS SURVEY STATE AVERAGES

Self-Serve	January 15	February 15	Change
Regular Unleaded	1.74	1.84	+0.10
Regular Unleaded with Ethanol	1.73	1.84	+0.11
Premium Unleaded	1.83	1.92	+0.09
Diesel	1.93	1.99	+0.06

Source: Oil Price Information Service, www.opisnet.com

AVERAGE SELF-SERVE UNLEADED PRICES IN MAJOR CITIES

	January 15	February 15	Change
Ames	1.73	1.83	+0.10
Cedar Rapids	1.80	1.86	+0.06
Council Bluffs	1.76	1.81	+0.05
Davenport	1.78	1.87	+0.09
Des Moines	1.72	1.80	+0.08
Dubuque	1.78	1.84	+0.06
Fort Dodge	1.77	1.93	+0.06
Iowa City	1.82	1.88	+0.06
Sioux City	1.76	1.87	+0.11
Waterloo	1.69	1.84	+0.05
Webster City	1.81	1.93	+0.12
Average Metro Price	1.76	1.86	+0.10

Source: Oil Price Information Service, www.opisnet.com

WHOLESALE PRICES IN METROPOLITAN AREAS IN IOWA

Unleaded Gasoline	January 6	February 10	Change
Des Moines	1.18	1.32	+0.14
Dubuque	1.20	1.33	+0.13
Diesel Fuel	January 6	February 10	Change
Des Moines	1.23	1.32	+0.09
Dubuque	1.23	1.33	+0.10

Source: Oil Price Information Service, www.opisnet.com